



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, February 19, 2019

**Kiva Forum – City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
DRAFT MINUTES**

PRESENT: Linda Dillenbeck, Chairperson
Camille Hill, Vice Chair
Carl Grupp (arrived at 8:03 a.m.)
Sherry Henry
Ken McKenzie
Richard Newman
David Winter

STAFF: Karen Churchard
Steve Geiogamah
Ana Lia Johnson
Stephanie Tippet

GUESTS: Jason Rose
Kyle Hedstrom
Kim Curry Evans
Gerd Wuestmann

1. Call to Order/Roll Call

Chair Dillenbeck called the meeting of the Scottsdale Tourism Development Commission to order at 8:01 a.m. and noted the presence of a quorum.

2. Approval of Minutes

- January 15, 2019 Regular Meeting Minutes

Chair Dillenbeck made a grammatical correction.

COMMISSIONER MCKENZIE MOVED TO APPROVE THE REGULAR MEETING MINUTES OF THE TOURISM DEVELOPMENT COMMISSION OF JANUARY 15, 2019 AS AMENDED. COMMISSIONER HENRY SECONDED THE MOTION, WHICH CARRIED 6-0 WITH CHAIR DILLENBECK, VICE CHAIR HILL, COMMISSIONERS HENRY, MCKENZIE, NEWMAN AND WINTER VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES. COMMISSIONER GRUPP HAD NOT YET ARRIVED.

3. Bed Tax Proforma 7-Year Review

Karen Churchard, Tourism and Events Director reviewed that the Fund began in Calendar Year 2012, Fiscal Year 12/13. At that time, event retention and development was budgeted at \$1.2 million. This amount has not been fully spent each year forward. Over time, approximately \$750,000 accrued unused, being moved into the undesignated, unreserved fund balance. The administrative budget has historically been \$500,000, which also has not been fully spent. The budget for event development is now \$1.8 million and slightly more than \$800,000 for administrative.

Chair Dillenbeck asked whether going forward, Canal Convergence, which is funded at \$750,000 would come out of event funds. Ms. Churchard stated that currently, Canal Convergence is not funded through event funding, nor is Scottsdazzle or Western Week. Knowing that there will be large capitals project to fund in the future, some decisions will need to be made. Last week, City Council had a work study session on WestWorld, which included discussion regarding the possibility of having a fund set aside for tourism-attracting events. Wherever possible, Ms. Churchard is putting items in the administrative category. For example, there is a contract with Entertainment Solutions, who produce several City events. Ms. Churchard has moved the budget allocation into administrative.

Commissioner McKenzie noted the large size of the carryover use category (\$9.4 million) for 17/18. Ms. Churchard stated that \$5 million to the Scottsdale Stadium project was the largest amount. It also includes WestWorld projects and \$2.5 million for Old Town projects, \$600,000 for Museum of the West and \$890,000 for Canal Convergence.

Chair Dillenbeck asked about the TDC budget forecast once the stadium funding totals are evident. Ms. Churchard said that projections are done five years in advance. The hope is to provide a 10-year forecast.

4. Scottsdale Stadium Renovation Project Update and Funding

Stephanie Tippet, Stadium Supervisor, stated that Phase I construction will begin in April 2019. It includes the new clubhouse building and event center, press level improvements as well as Charro Lodge improvements. Phase I is slated for completion in January of 2020. That month will include soft openings of the clubhouse and event space. At the completion of Spring Training 2020, Phase II will begin. At that time, a limited amount of events will be held in new event spaces as well as renovated event spaces. Phase II will be complete in January of 2021. At the completion of Spring Training, 2021, they will have full venue availability. While waiting for final approval from City Council, they have begun to develop their business plan, staffing model, marketing strategy, sales approach and rental policy.

They are working with ASU's School of Business on a contract to help identify business plan items as well as economic impact of improvements at the stadium. Over the last year, they have held periodic networking and outreach meetings including hoteliers, destination management companies, Experience Scottsdale and event production companies. They have also begun to develop full service event operations, including brand creation. As they move into the next budget cycle, they will work with a third-party company to create marketing pieces and brand items. Dedicated sales staff and event coordination staff will be hired. Full service food and beverage will be offered by the in-house concessionaire, Delaware North Companies. Construction in the new clubhouse building will include a full-service kitchen adjacent to the new event center. The rental strategy will focus on tourism-driven events, including trade shows, conventions, and association conferences. The second priority includes multi-day rentals such as corporate functions and festivals. Lastly, they will serve social and private events.

A visual walk-through of event spaces was provided, including 2,500 square foot clubhouse, 10,000 square foot event center, outdoor function space and 4,000 square feet of patio on either side. The event center has a capacity of 1,000, features concrete floors, exposed ceiling, acoustical wall and ceiling treatments, full-color house lighting, outdoor and patio. Callahan Studios has been contracted to focus on the adaptability of the space. The clubhouse building includes third floor space of approximately 3,300 square feet with views of the practice and stadium fields. Adjacent to the stadium are approximately 1,000 parking spaces. Conversations are ongoing with Honor Health in terms of utilization of their garages and parking space for events. There will also be partnership with OLPH, owner of a large dirt lot used during Spring Training. The plan also includes contracts with transportation companies to provide transportation from different areas.

Vice Chair Hill commented that the City has done an amazing job on the project.

Commissioner McKenzie inquired as to funding on the operating side. Ms. Tippet stated that they have begun to develop a staffing and expenditure model, which will be funded via revenues.

Commissioner Henry asked about the timeline for the marketing process. Ms. Tippet stated that some components have been developed, however they are mainly awaiting City Council's stamp of approval.

5. FY 2019/20 Event Development Funding Programs

Steve Geigamah, Tourism Development Manager stated that on November 30, 2018, staff met with event stakeholders to discuss and review the New Event Development Fund program objectives and criteria.

The following questions were presented and discussed:

- What type of events should the City be focused on sponsoring and are there types we should not be considering?
- Should event funds be used for creating events or should they be used for established (5-10 year) events to continue their growth?

There were approximately 20 participants. The summary notes were provided to Commissioners. Tourism drivers were the most supported event types, with seasonality being stressed. Marketing played a key role in terms of funding levels and criteria. The March meeting will address specific suggestions. April's meeting will include all event contracts, event criteria and objectives for recommendation by the Commission.

Chair Dillenbeck recognized a member of the public, Jim McGuire, Vikara Vacations, who requested to speak. Mr. McGuire thanked the Commission for having the Event Development Funding Program. The challenge for an event producer is lining up sponsors for a new event. In terms of criteria, their focus is on multi-day events that bring tourism from out of town. They aim to create a new emphasis for Scottsdale as a health and wellness destination, with activities including yoga, fitness, personal development and healthy food. Their first event, the three-day Scottsdale Fitness and Yoga Party did not qualify for the program. It is expected to include 400 participants with 200 rooms per night for three nights. He requested that the Commission review the criteria in order to encourage multi-night events which do not necessarily have huge numbers of attendees. He invited Commissioners to attend the events, taking place February 28th to March 3rd and a second event on November 8th.

Chair Dillenbeck said Mr. McGuire makes a good point in that the fund should be dedicated to generating more bed tax dollars. To be penalized for having lower attendance should be looked at in terms of criteria. Vice Chair Hill agreed that refilling the room tax coffers should be a priority. Commissioner McKenzie cautioned Commissioners that the event times just spoken about are during high demand periods. It may not be wise to support events that provide bed tax during times the market is at capacity. It is a great idea to look at low demand periods for supporting events that produce bed tax.

Ms. Churchard requested Commission feedback in terms of events and amounts they would like to see funded through event development, which currently are not (Scottsdazzle, Western Week, Canal Convergence, WestWorld). There is now \$1.8 million, reflecting a \$600,000 difference available for funding.

Chair Dillenbeck suggested Super Bowl, NCAA and Final Four as mega events that they would hope to fund over multiple years.

Ms. Churchard asked that the Commission to consider current events that are in carry-over and whether it would make sense to move them to the event development fund. Chair Dillenbeck said Canal Convergence is an event she would put high on the list as well as any of the programs Ms. Churchard's office has developed and is working on, such as Western Week and Scottsdazzle.

Commissioner McKenzie said that the Commission should be prepared to be approached by the stadium for operating income.

6. Horses and Horsepower Polo Event Review and Update

Mr. Geiogamah stated that the event participated in the New Event Development Program between 2012 and 2012, received \$75,000 annually, was contract compliant and met its sponsorship goals and attendance levels. Today's presentation is a recap. Jason Rose

said that the event is now the most attended polo event in the United States. In 2011, they had no sponsors, a single DJ, 2,300 attendees, no event program and no concessions. The funding received from the Commission in 2012 provided marketing opportunities otherwise unavailable. They just had their eighth event, which had over 40 sponsors, seven DJs, 75,000 attendees with recognition in the New York Times and Wall Street Journal. They are a for-profit event, but partner with charities each year. They have had cultural performances from Phoenix Symphony and the opera, a dog fashion show, world's longest fashion show, and rugby matches. They also focus on diversity with a commitment to diversity.

7. Arizona Super Bowl Host Committee Update

Kyle Hedstrom, Bid Manager, Arizona Super Bowl Host Committee, stated that the Committee is a not-for-profit organization, serving as the liaison between local constituents, stakeholders, NFL, its partners and the media.

They follow three principles:

- Showcase Arizona on a global platform
- Fuel economic engine for the region
- Leave a lasting legacy

Results of the 2015 Super Bowl include:

- \$720 million economic impact to the Valley
- \$2 million plus in grants to Arizona nonprofits
- 20,000 plus hotel rooms
- 5,000 plus media attendees
- 120,000 plus visitors to Arizona
- Most watched Super Bowl in history

Details on Scottsdale events and venues include:

- The Super Bowl LVII Venue Program is contracted with 40 private venues in Scottsdale to hold space for Super Bowl related events
 - Scottsdale venues are well-represented in the program
 - Program is still open for enrollment
- Six venues have been proposed to the NFL as potential sites for official NFL events
- SCVB personnel have been and will continue to be included in the planning and execution of NFL site visits

Details on Scottsdale lodging include:

- Scottsdale has 18 hotels, 3,100 plus rooms in the Official Super Bowl LVII Block
- There is an opportunity to add more through new hotels and future needs of the NFL
- One hotel is consideration as the Team Hotel

- Host Committee will continue to support relationship development with sponsors and prominent entities and Scottsdale hotels and venues
- SCVB personnel will continue to be included in the planning and execution of NFL site visits

Scottsdale support details include:

- The Committee is responsible for the fundraising efforts needed to execute the Super Bowl
- The Committee fundraised approximately \$30 million for Super Bowl XLIX in 2015
- Scottsdale has consistently provided positive planning support for Super Bowl LVII
- Scottsdale's financial support is vital to the success of Super Bowl LVII

Chair Dillenbeck inquired as to how the Committee determines the allocation it asks for from each city. Mr. Hedstrom said it differs between cities and may be based on city directives in terms of how they fund such events.

In response to a question from Chair Dillenbeck regarding the timeline for returning for a funding request, Ms. Churchard stated that there has been discussion regarding having them return in March or April.

8. Canal Convergence Event Update

Gerd Wuestmann, President and CEO of Scottsdale Arts, reviewed that Canal Convergence began nine years ago, arising out of the simple necessity to have the canal cleaned out. The event has grown consistently and organically over the years, culminating in 2018 with two events. It was determined to be beneficial to shift the event from spring to fall. When the event moved, attendance grew seven times over, from 39,000 to 277,000 between February and November of 2018. The level of engagement grew as City residents recognized that this had become a hallmark event for the entire community. Scottsdale Arts has administered the program for the past 30 years. This year, permanent infrastructure was installed at the Canal that allows installation of large-scale pieces.

Kim Curry Evans stated that Canal Convergence began as a partnership between Salt River Project, City of Scottsdale and Scottsdale Arts to cultivate tourism for the redeveloped Scottsdale waterfront. The vision is to grow it into a 20-day premiere destination event that celebrates the arts, educates the community and boosts tourism during the shoulder season. The strategy is to lay out a five-year plan to grow it into a destination event.

Elements include:

- Provides a world-class event with multidisciplinary collaborative engagement opportunities
- Public art as a foundation for talking about science, innovation and technology
- Bring a diverse, global audience
- Citywide participation
- Sustainable model

The event was held over 11 days, including a community-wide launch party, which was attended by 6,700 people. It included both daytime and nighttime activations and engagement. There were 18 art pieces as well as local lights. The event worked with the Downtown gallery area to have businesses showcase local artwork. There were 175 distinct programmatic ways visitors could engage at the waterfront, including 10 artist talks, 27 workshops, 32 tours, 47 musical performances and 59 arts experiences. Education was incorporated as a key component.

Metrics highlights include:

- Attendance in 2012 was 5,690 compared to 277,380 in 2018
- For the February event, there were 193,000 Facebook impressions, increasing to 2.8 million by November, 2018
- The television spot with ABC 15 was picked up by MSN.com, which has a reach of 436 million unique monthly visitors
- In February, 2018, there were nine partners, increasing to 38 partners in November, 2018

Audience intercept survey result highlights for November include:

- 73 percent first-time attendees
- 74 percent stayed one to three hours, up 62 percent from February, 2018
- 96 percent rated the event as excellent or very good

Planning is already underway for November, 2019 is being titled, "The Story of Water." Education and art will be used to talk about the value, history and sociological implications of water in the state. Mr. Wuestmann said they are also looking at the metrics in terms of economic impact to the City and TDC. One restaurant surveyed indicated a \$120,000 bump in income for November, 2018 compared to previous years generated by just this one event. The City has been approached by a number of other major cities in the United States (including San Diego and Dallas), who have asked them to help replicate this kind of success. The staff team is currently working to develop concepts which would overlaying programming and conferences onto the event.

9. Event Funding Program Recommendations

a. The Original Taste

Mr. Geiogamah stated that the event was reviewed by the Event Working Group. It is a food and wine tasting event to benefit Arizona charities. The requested amount is \$8,500 for the Community Event Funding Program. The Working Group has recommended to not move forward, based primarily on the fact that it is a charity fundraising event. Most events have some form of a charity component, however some such as this are specifically charity driven.

10. Staff Reports

- a. Staff Bed Tax Collection Report**
- b. Staff Bed Tax Hotel Classification Report**
- c. Bed Tax Proforma**
- d. Program Updates**

Mr. Geiogamah stated that Bed Tax collections are up substantially in December specifically related to audit issues from the year prior. Year-to-date collections are up 22 percent. Retail tax collections are up 6 percent and restaurants are up 11 percent. Proforma revenue estimates are projected up 3 percent. The Smith Travel Report did indicate increases in the overall market area, up 2.4 percent in occupancy. Average daily rate was up 3 percent and RevPAR was up 5.5 percent. The 12 month to-date group occupancy was up 2.3 percent. The Regional Reports is substantially the same. Downtown continues to trend up and the northern region continues to see a slight decrease in occupancy.

11. Public Comment

There were no public comments.

12. Identification of Future Agenda Items

Mr. Geiogamah said that staff will be bringing the Experience Scottsdale Destination Marketing Guide for review in the coming months as well as the Event Funding Programs. Another item coming forward is the Super Bowl Host Committee.

Chair Dillenbeck requested a recap for another historic event. Mr. Geiogamah said they could schedule the International Film Festival or the rodeo.

Chair Dillenbeck required an update on Western Week in the next couple of months.

13. Adjournment

With no further business to discuss, being duly moved by Commissioner Newman and seconded by Commissioner Winter, the meeting adjourned at 9:35 a.m.

AYES: Chair Dillenbeck, Vice Chair Hill Commissioners Grupp, Henry, McKenzie and Newman

NAYS: None

SUBMITTED BY:

eScribers, LLC